

March 26, 2008
Budget Division, TMG

Tokyo Metropolitan Government obtains 'AA' rating from Standard & Poor's

The Tokyo Metropolitan Government (TMG) today announced that 'AA' long-term issuer credit rating has been assigned by Standard & Poor's Rating Services.

1 Rating Long-term Issuer Credit: AA/Stable

2 Rating Agency Standard and Poor's Rating Services

3 Major Factors

(1) TMG has a robust local tax base as the center of the Japanese economy, providing it with a strong independent source of revenue. Tokyo's economy compares well with the national GDP of G7 member countries and attracts a large number of national and international enterprises, which contribute to its corporate tax revenues. Among the 47 prefectures in Japan, only TMG has remained autonomous of the central government's vertical fiscal adjustment system to this date.

(2) Despite the economic hardship of the late 1990s which led to deterioration in the financial profile of TMG, it has improved since under the strong leadership of Governor Ishihara as a result of his administrative and fiscal reform measures including the shift to accrual-basis accounting. While the leverage ratios of the Japanese local and regional governments remain very high by international comparison, TMG has accomplished one of the best financial profiles among them.

(3) While TMG may face a decrease in financial flexibility in the long term, mainly due to increasing social care costs and potential replacement costs to maintain infrastructures, TMG remains committed to financial discipline and manages its budget effectively by raising fiscal adjustment funds in case of future revenue shortfalls and continuing adequate level of debt management.

Note: Prior to this rating, TMG has also obtained a rating from Moody's Investors Service on February 1, 2007.

Moody's TMG bond ratings (As of March 26, 2008)

Foreign Currency Issuer Rating: Aaa/Stable

Local Currency Issuer Rating: Aa1/Stable

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